

## **DEBT RESOLUTION FORUM REPORT**

### **Chairman's Introduction**

Below you will find a report on DRF's activities since 2011.

We have aimed to provide an appropriately detailed summary of DRF's activities since 2011. In doing so I think you will agree that we have done much and kept moving ahead, despite these years being very challenging for all who work in debt solutions.

A brief summation of activity in the current year is also provided, to keep members all up to date, but a full annual report will be provided in summer 2015 – and annually thereafter.

Additionally we have not had an Annual General Meeting (AGM) of Members since incorporation. I therefore attach a Notice of an Annual General Meeting to be held on Monday 15 December 2014 at 11.00am. I also include copies of all Accounts of the organisation up to and including 31 December 2013 together with a Proxy form setting out the Resolutions that the AGM will seek approval thereof.

I have pleasure in commending this report to members.

**David Mond**  
**Chairman**  
**10 November 2014**

## **Annual Review 2011**

### **OFT matters**

In early 2011 DRF was prominent in defending our industry against the Citizens' Advice super-complaint to the Office of Fair Trading (OFT) on up-front fees and cold calling: Thanks, at least in part, to DRF's robust response to this, the OFT's report, published in June, found that initial arrangement fees were appropriate and that there was no need to legislate to ban warm or cold calling.

DRF's focus this year was very much on the OFT's consultation on new debt management guidance. We were closely involved in discussions before the consultation and worked with members to respond to every point strongly and in detail.

A major success in 2011 was to persuade OFT that distributions to creditors of weekly-paid debtors could be made monthly – something we are now campaigning on again, in 2014, as the FCA has quite a different view.

### **Conference**

The 2011 Annual conference was a great success, featuring a panel of creditors, a presentation from the Insolvency Service and a keynote from the deputy director – consumer credit at the OFT (Nigel Cates). 165 delegates attended.

2011 was the first year for DRF's awards scheme – announced in June and presented at the conference.

### **Training and other matters**

In 2011 Our Certificate in Debt Resolution qualification had 115 holders and 270 Students.

DRF introduced a category of membership for lead introducers. Also DRF launched a private discussion forum (since superseded by our LinkedIn discussion group) on our website.

DRF also worked with a number of insolvency bodies to help resolve the position concerning VAT on IVA fees.

DRF was invited to give oral and written evidence to the House of Commons Select Committee for Business Innovation and Skills, during its investigation of high cost credit and debt management services (report published in 2012).

DRF continued to press for OFT code approval.

DRF standards were modified to include an obligation for members to hold professional indemnity insurance.

DRF appointed the Insolvency Practitioners Association to provide standards monitoring. IPA monitoring visits to DRF members began.

## **Annual Review 2012**

### **Money Advice Service**

2012 was the first year in which MAS started to flex its muscles in the debt advice sector. DRF recognised the importance of this new body early on and persuaded them to address a meeting of our members and invited creditors in February 2014 specifically organised to enable them to outline their new role.

In May DRF responded to a Treasury Select Committee into the role of the Money Advice Service.

In August DRF was invited to participate in a study MAS was doing into debt management practices across both free and fee-charging sectors.

In December DRF took part in an MAS consultation on a quality framework for debt advice and subsequently worked with MAS on development of the quality framework for organisations and the quality framework for individuals.

### **Office of Fair Trading**

The OFT published their new debt management guidance in late March. In the weeks and months following, DRF helped members with questions and queries and liaised with OFT to resolve issues.

DRF worked with OFT to produce detailed guidance for members on working with lead introducers (subsequently drawn on by FCA when preparing their rules on this area) – this was sent to members in July and later updated.

In July OFT was given powers to suspend Consumer Credit Licences with immediate effect – DRF was asked to take part in a consultation group to look at issues that were likely to arise in the use of this power.

### **Financial Services Authority**

2012 saw the beginning of preparations for the OFT to transfer its responsibility for consumer credit to the FCA whose predecessor body, FSA, started work to understand the debt management sector – DRF (and members) assisted with responses to queries and assistance with research throughout the year.

### **Research**

2012 was also the year in which DRF first published research into the market for debt solutions and the outcomes achieved by members. Briefed to government bodies and other opinion leaders this, at first, proved quite controversial and was initially criticised based, it seemed, just on the fact that it had been produced by fee-chargers: By the end of the year, however, it was widely accepted as a useful and new contribution to available data and has since been widely quoted in other studies.

DRF urged members also to take part in the DEMSA/Grant Thornton research published in this year.

### **DMP Protocol**

2012 saw the beginning of negotiations on the Debt Management Plan Protocol, originally given a government deadline of November that year. DRF was invited to a meeting with the Minister in June and subsequently played an active and prominent role in the working party for the protocol, seeking member feedback wherever possible.

### **Events, training and conferences**

In addition to the MAS event noted above, DRF also responded to the OFT's new mental capacity guidelines for creditors by running, in April, a course in conjunction with MIND, covering these issues from the point of view of debt management companies. Courses were also run in-house for a small number of interested member firms.

The DRF conference took place in November, notable not just for its content and record number of delegates but also for the DRF Conference team's agility in switching the conference overnight – when the original venue was flooded - and ensuring none of the 203 delegates got lost.

### **Other matters**

In March, DRF conducted a survey into members' satisfaction with the work done by DRF. This was found to be very high, with some call for more frequent communication (which was addressed). Members wanted DRF to concentrate on representing their interests to regulators and government and to lead public debate.

DRF continued to press for OFT code approval.

The first round of IPA monitoring visits to members was concluded: Feedback from members was that most found these helpful in improving their business. DRF regained its seat on the IVA Standing Committee.

## **Annual Review 2013**

### **Money Advice Service**

DRF considerably strengthened our influence with MAS across 2013. We took part in the development of the quality standard for individuals and the quality standard for organisations and applied for the latter – achieving accreditation (announced in January 2014).

DRF was invited to become a member of MAS's Debt Advice Forum – the first body representing fee-charging debt resolution firms to do so. The forum is an influential body advising MAS on debt policy.

### **Financial Conduct Authority**

FCA liaised with DRF concerning a survey to determine likely prudential capital requirements and members responded to this. DRF worked closely with FCA as the April 2014 deadline got closer in order to understand the new regime and to help members meet FCA's requirements.

In June DRF responded in detail to the FCA and Treasury initial consultations on the future of debt management regulation.

### **Debt Management Plan Protocol**

DRF continued to work towards a voluntary protocol and played a major part in persuading creditors to re-engage with the process. The protocol was announced in February and DRF was then able to influence the design of the process of protocol accreditation and to gain agreement to DRF's monitors – IPA - undertaking protocol compliance inspections.

First Protocol Compliance inspections were undertaken in late 2013 and all those DRF members who put themselves forward at that time achieved accreditation.

Aspects of the protocol were transferred to FCA guidance and rules.

### **Research**

DRF outcomes research was repeated in 2013. The influence of this work grew and it was quoted in a number of other studies and DRF was asked to present it to the Money Advice Liaison Group (MALG). DRF understands that this report was used by FCA to inform their view of the fee-charging sector.

### **Low Contribution IVA Campaign**

In June 2013 Lloyds Banking Group announced its intention to limit fees for low contribution IVAs. DRF fought this hard on members' behalves, commissioning and undertaking two research studies and lobbying extensively- and successfully: LBG ultimately withdrew their proposal.

### **Events, conference and training**

In September DRF launched a low-cost online training package in conjunction with the Royal College of Psychiatrists and the Institute of Money Advice to assist members to identify customers with mental health issues and to assist them accordingly.

204 delegates attended DRF's 2013 annual conference. This coincided with the launch of FCA's consultation on their debt management rules and guidance – and FCA chose the conference as their forum to announce this aspect of the wider consumer credit guidance.

### **Other matters**

In March, DRF launched an explanatory leaflet for consumers, drawing attention to the role of DRF and offering DRF's complaints and conciliation service. This was updated in the course of the year and versions in common foreign languages also provided.

In April, DRF produced, in conjunction with R3 and the Relevant Regulated Bodies, a guide to the treatment of mis-sold Payment Protection Insurance in IVAs.

4 July 2013 saw the inaugural DRF/DEMSEA cricket match: DRF won and a significant sum was raised for Help for Heroes.

DRF introduced a mystery-shopping requirement – to assist members to evaluate advice compliance.

## **Review 2014**<sup>1</sup>

### **Money Advice Service**

In January 2014 it was announced that DRF, along with Citizens' Advice Bureau (in England and Wales and Scotland) were the only bodies to achieve MAS's Quality Standard for Organisations.

DRF has also now applied for level three accreditation on MAS's "Quality Standard for Individuals" for the Certificate in Debt Resolution.

### **Financial Conduct Authority**

In January DRF responded to the consultation on detailed rules for debt management regulation and supervision.

Since FCA took on responsibility for debt management on 1 April 2014, DRF has been working closely with FCA to assist members through the authorisation window.

FCA seems to feel trade associations like DRF have more to offer than they originally envisaged and are using us as a conduit for communication and as a sounding board.

DRF is representing members' views as strongly as we can.

DRF has assisted a number of members in getting specific answers to concerns they had relating to FCA matters and DRF has played a role in reporting non-compliant traders to FCA.

### **Events, conference and training**

DRF has run a number of successful events this year including a conference on "The compliant call" and a workshop on "Compliance, Risk and the Role of the Authorised Person". The annual conference was DRF's largest ever – with 214 delegates (held in conjunction with DEMSA).

The Certificate in Debt Resolution continues to thrive with 285 people who hold the full CertDR, 123 who hold the Award and 175 currently studying.

### **Other Matters**

DRF introduced a free policy distribution and staff testing system for members.

A further round of mystery shopping was undertaken.

During 2014 DRF engaged in an initial parliamentary lobbying campaign, meeting a number of MPs who were distinguished by having significant personal debt problems in their constituencies and representatives of a junior Treasury minister. These meetings, provided an initial opportunity to influence legislators and is something DRF will build on in the coming year.

DRF has had preliminary discussions with DEMSA to see whether it is possible to work closely on a multitude of matters.

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<sup>1</sup> This is a short summary and will be expanded in next year's Annual Report.

## **Accounts**

The Board has approved all accounts up to and including 31 December 2013.

## **Membership**

<b>Company</b>	<b>Membership category</b>
Abacus (Financial Consultants) Ltd	Full
Ashley Park Debt Solutions Ltd	Full
Bright Oak	Full
Carefree Group Ltd	Full
ClearCash	Affiliate
ClearDebt	Full
Debt Advice Link	Full
The Debt Advisor Ltd	Full
The Debt Advisory Service (Scotland)Ltd	Full
Debt Correct	Full
The Debt Counsellors Charitable Trust	Charity
The Debt Recovery Bureau LLP	Creditor
Dissolve Debt Ltd	Full
DRSP Limited	Affiliate
Evesham Debt Advisors Ltd	Full
Harrington Brooks	Training Member
Hitec Laboratories	Affiliate
Incontrol Debt Solutions	Full
Invocas Financial Limited	Full
Kingsbridge Risk Solutions	Affiliate
Money Matcher	Full
NCO Europe	Creditor
PDHL Limited	Provisional
PJG Recovery Limited	Full
Release Money Group	Full
The Royal Bank of Scotland	Creditor
Simple Financial Solutions	Provisional - Introducer
Trust Deed Scotland Ltd (formerly Kelsom)	Provisional
Unity Corp	Full
Xpress Documents Limited	Affiliate

## **Board**

David Mond – DRF Chairman, ClearDebt  
John Hall – Invocas  
Chris Holmes – Arch Hall  
Gill Wrigley – Unity  
Beverley Budsworth – The Debt Advisor  
Andrew Graveson – Bright Oak  
Neil Bowler – Debt Recovery Bureau LLP  
Steve Slater – Release Money Group  
Melanie Giles – PJG Recovery